

GOVERNMENTAL OPERATIONS

Agency 095

Office of State Auditor

Recommendation Summary

Dollars in Thousands

	Annual FTEs	General Fund State	Other Funds	Total Funds
2009-11 Expenditure Authority	337.4	1,439	78,135	79,574
Total Maintenance Level	335.1	1,461	82,118	83,579
Difference	(2.3)	22	3,983	4,005
Percent Change from Current Biennium	(0.7)%	1.5%	5.1%	5.0%
Performance Changes				
Shift Audits to Performance Audit Account #	(10.1)	(1,445)	(6,565)	(8,010)
Suspend Plan 1 Uniform COLA #		(16)	(893)	(909)
State Data Center Rate Increase			160	160
Subtotal	(10.1)	(1,461)	(7,298)	(8,759)
Total Proposed Budget	325.0		74,820	74,820
Difference	(12.4)	(1,439)	(3,315)	(4,754)
Percent Change from Current Biennium	(3.7)%	(100.0)%	(4.2)%	(6.0)%
Total Proposed Budget by Activity				
Audit of K-12 Budget Drivers and State Funded Programs	6.0	16	1,210	1,226
Administrative Activity	13.0	(16)	3,286	3,270
Local Government Audit	210.0		44,493	44,493
State Government Audit	28.0		8,202	8,202
Whistleblower Program	4.0		1,272	1,272
Local Government Budgeting, Accounting and Reporting System and Statistics			797	797
Performance Audits	64.1		15,560	15,560
Total Proposed Budget	325.0		74,820	74,820

PERFORMANCE LEVEL CHANGE DESCRIPTIONS

Shift Audits to Performance Audit Account

The State Auditor's Office performs several types of audits for the state which are traditionally funded from three separate accounts. While all types of audits are required to continue, funding for these audits will now occur through the Performance Audits of Government Account. Proposed legislation will eliminate General Fund-State and Auditing Services Revolving Account-State expenditure authority for these activities and is required to complete this shift. All changes are ongoing. (General Fund-State, Auditing Services Revolving Account-State, Performance Audits of Government Account-Nonappropriated)

ACTIVITY DESCRIPTIONS

GOVERNMENTAL OPERATIONS

ACTIVITY DESCRIPTIONS

Audit of K-12 Budget Drivers and State Funded Programs

The School Programs audit team assesses school district compliance with legal criteria that must be met as a condition for receiving General Fund monies. There are 295 school districts subject to this audit effort. The team also assists the Special Education Safety Net Committee, works with staff of the Office of Superintendent of Public Instruction on audit resolution, and provides training for school district staff. This audit work has been assigned to the State Auditor's Office by the Legislature via budget proviso since 1998.

Administrative Activity

This activity provides for administration of the Office of the State Auditor

Local Government Audit

The Office of the State Auditor independently audits local governments at least every three years, with the exception of self-insurance plans, which are audited on a two-year cycle. There are approximately 2,400 local government entities, including counties, cities, schools, ports, public utilities, hospital districts, fire districts and a variety of other special purpose districts. Auditors use a risk-based approach, which focuses on public resources most likely to be at risk of loss or misappropriation. For each government requiring a financial statement audit or single audit, we issue financial statement opinions and single audits. Beyond examining the financial condition, accounting and reporting by local governments, the audits assess compliance with the Constitution, state laws, and local government ordinances. Any report disclosing malfeasance, misfeasance or nonfeasance in office on the part of local government officers or employees is referred to the county prosecuting attorney or federal government for recovery of funds and prosecution. Bond rating agencies rely on these audit reports in performing their assessments.

State Government Audit

The office audits annually the basic financial statements prepared by the Office of Financial Management and the required audit of federal financial assistance and conduct an examination of internal controls over public resources and compliance with the Constitution and state laws and regulations. The single audit meets legal requirements contained in the Congressional Single Audit Act. There are 168 state agencies, boards, and commissions subject to this audit effort, which uses a risk-based approach to focus on public resources at highest risk of loss or misappropriation. Audits of state agencies disclosing malfeasance, misfeasance or nonfeasance on the part of any public officer or employee are referred to the Office of the Attorney General or federal government for recovery of funds and prosecution. Bond rating agencies rely on state government audits in performing their assessments.

Whistleblower Program

The Office of the State Auditor administers the state employee whistleblower program, which encourages state employees to disclose, to the extent not expressly prohibited by law, improper governmental actions. Improper governmental action means any action by an employee undertaken in the performance of the employee's official duties, which represents gross mismanagement, is a gross waste of public funds or resources, is in violation of federal or state law or rule, is of substantial and specific danger to the public health or safety, or which is gross mismanagement.

Local Government Budgeting, Accounting and Reporting System and Statistics

The Office of the State Auditor, in collaboration with local governments, sets uniform accounting standards for local governments, allowing for consistent reporting of budget and financial information, timely analysis, and greater public understanding. The office helps local governments meet these standards by providing technical assistance and training. Each year, the office works with local governments to update the Budgeting, Accounting, and Reporting Systems (BARS) for local governments. Annually, the office publishes a compilation of local government comparative statistics, a 10-year history of financial information that is used for comparing entities and analyzing programs. These statistics are available on the internet in a reporting system that allows for flexible access of this data by the citizens and other users. State and local policy makers and officials and bond rating agencies often rely on the local government financial reporting system in performing their assessments. The local government financial information is also used by our auditors in assessing risk, which helps determine the scope and frequency of these audits.

Performance Audits

Performance audits of state and local governments in Washington are conducted under the authority of Initiative 900, which was approved by voters in November 2005 and enacted as RCW 43.09.470. Since then, our Office has independently selected audit topics in response to citizen input, audit experience, requests by the Governor and the Legislature, and in response to emerging issues. The performance audits are conducted in accordance with the Government Auditing Standards published by the U.S. Government Accountability Office.